



WORKPLACE MANAGED CARE

RESOURCES/UPDATES by Fax

September 9, 1999

Vol. 2, Issue 5



Summarized from: American Society of Addiction Medicine. (February 6, 1999).

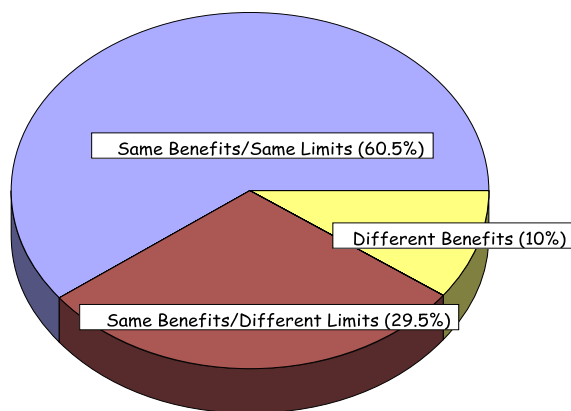
Employer health care dollars spent on substance abuse. Washington, DC: Author.

Retrieved July 16, 1999, from the World Wide Web: <http://www.asam.org/pressrel/hay.htm>

The value of employer-provided substance abuse treatment benefits decreased by 74.5% from 1988 through 1998, according to a study conducted by the Hay Group on behalf of the American Society of Addiction Medicine. Mental health care benefits (excluding substance abuse) decreased by 52.3% over the same period; general health care benefits decreased 11.5%. The study attributed the declines to the shift toward managed care.

The report used a "common cost" approach to account for differences among companies in accounting practices, employee demographics, and skill in negotiating benefits. More than 125 items were analyzed, including deductibles, coinsurance, and out-of-pocket and coverage limitations. The values were further adjusted to reflect the type of delivery system: fee-for-service, PPO, POS, or HMO. The report also analyzed employer limits on substance abuse treatment. Although the Mental Health Parity Act of 1996 requires employers to maintain the same limits for mental health and medical/surgical benefits, the act does not apply to substance abuse benefits.

As shown in the chart below, in 1997, the most recent year of the survey, 60.5% of companies had exactly the same benefits and limits for substance abuse as for mental health, 29.5% had the same benefits but different limits, and 10% had completely different benefits.



- Companies providing same benefits, same limits for substance abuse and mental health
- Companies providing same benefits, different limits for substance abuse and mental health
- Companies providing different benefits for substance abuse and mental health

The Hay Group also reported the results of a Mutual of Omaha study on utilization of inpatient mental health/substance abuse benefits. From 1990 to 1995, the rate of inpatient substance abuse admissions declined by 58.8%; psychiatric admissions declined 19%. Finally, the Hay Group reported the results of an annual survey by the National Association of Psychiatric Health Systems on average lengths of stay in inpatient mental health care. The report showed that average length of stay decreased 29% from 1993 to 1996. The Hay Group report is available online at <http://www.asam.org/pressrel/hay.htm>.